

# 2021.

Consolidated  
financial statement

**EIK**



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## Endorsement and Statement by the Board of Directors and the CEO

Eik fasteignafélag hf. er is an Icelandic limited liability company. The Group consists of the parent company, Eik fasteignafélag hf., along with two subsidiaries which are both 100% owned by the parent company. The Group's operations are ownership, rental and operations of business premises and ownership of hotel operations. The financial statements include the consolidated financial statements of Eik fasteignafélag hf. and subsidiaries.

The Company's main financial risks are rental and counterparty risk, liquidity risk, inflation risk and interest risk. Note 25 contains further information on the Group's risk management and discussion on financial scope related to the main risk factors.

### Operations

The Group's income amounted to ISK 8,668 million in the year 2021 compared to ISK 8,345 million in the year 2020. The Group's operating profit before changes in value and depreciation amounted to ISK 5,645 million in the year 2021 compared to ISK 5,038 million in the previous year. Changes in value of investment properties amounted to ISK 5,215 million and gain on sale of investment properties amounted to ISK 88 million. According to the Group's statement of comprehensive income total profit for the year amounted to ISK 4,933 million. Net cash provided by operations amounted to ISK 3,492 million according to the Group's statement of cash flow.

### Financial position

Total assets of the Group amounted to ISK 114,928 million at year end 2021 according to the statement of financial position, whereof investment properties amounted to ISK 105,638 million, assets for own use ISK 3,859 million and cash and cash equivalents ISK 3,297 million. The Group's equity at year end 2021 amounted to ISK 34,483 million, whereof outstanding share capital amounted to ISK 3,415 million. Interest bearing liabilities amounted to ISK 64,814 million at year end, whereof ISK 4,753 million were recognised among short-term liabilities. The Company has secured bank credit facilities in the amount of ISK 1,200 million which were undrawn at year end. At the same time the book value of unpledged properties amounted to ISK 7,850 million. The Company paid ISK 12,358 million during the year as instalments and repayments of loans and the Company's indexed interest terms have never been better. The Company

issued three new bond classes during the year, EIK 23 1, EIK 24 1 and EIK 100327, for the total nominal amount of ISK 7,200 million, along with issuing bonds within a current bond class, EIK 141233, for the nominal amount of ISK 1,500 million. The Company repaid the bond class EIK 15 1 during the year, but the repayment was financed with an unindexed bank loan. The Company's weighted indexed interest rates were 3.03% at year end and weighted unindexed interest rates were 4.4%. The ratio of unindexed loans was around 21% of the Company's interest-bearing liabilities. The Group's equity ration was 32.6% at year end.

### COVID-19

Ever since the pandemic first started affecting the operations of the Company's tenants, the Company has strived to assist them. The position of tenants has in general improved as the pandemic passes on despite new variants of the virus. The effects of COVID-19 on the Company's operations have been less than originally predicted but the Company has increased its earnings forecast twice during the year. Despite this the effects are still visible.

The Company has continued to put great emphasis on welfare, health and working environment of tenants and employees during the pandemic. The Company has utilised an unleased property in Bæjarlind 2, Kópavogur and first floor of Sóltún 26 for its operations, ensured that employees had acceptable working facilities at home and increased cleaning and disinfection in the Company's properties.

Effects of COVID-19 on the Company's income statement can mainly be seen in impairment of receivables, earnings of Hótel 1919 and balance of receivables. The Company estimates that negative effect of the pandemic on the Company's EBITDA has been around ISK 255-265 million during the year 2021. Impairment of receivables amounted to ISK 81 million in excess of average impairment of receivables for the years 2017-2019 and results of Hótel 1919 were ISK 135 million below the hotel's average results for the years 2017-2019. Balance of receivables is ISK 249 million higher than at the beginning of the year. The Company expects that effects of the pandemic will continue to decrease during the year 2022. There is no doubt regarding the Company's ability to continue as a going concern and it is well prepared to

face uncertainty related to the pandemic. Further information on the effect of the pandemic on the Company is in note 4.

### Share capital

Listed share capital at year end amounted to ISK 3,424 million. The entire share capital is of the same class and all shares are entitled to the same rights. The Company holds ISK 8.8 million of own shares.

At year end the Company's share capital was divided between 510 shareholders (ID numbers), but shareholders were 451 at the beginning of the year.

The 10 largest shareholders of the Company at year end 2021 according to the Company's shareholder registry were:

Brimgarðar ehf.*.....	16,3%
Arion banki hf.....	10,1%
Gildi - lífeyrissjóður.....	8,7%
Lífeyrissjóður verzlunarmanna.....	8,4%
Almenni lífeyrissjóðurinn.....	8,0%
Íslandsbanki hf.....	7,3%
Birta lífeyrissjóður.....	7,2%
Brú Lífeyrissjóður .....	5,8%
Stapi lífeyrissjóður.....	3,9%
Lífswerk lífeyrissjóður.....	3,9%

\*According to the Company's shareholder registry, Brimgarðar ehf. owned 16.3% share in the Company at year end. On 7 May 2021 a major shareholder announcement was published on Nasdaq Iceland since Brimgarðar ehf.'s direct shareholding and direct and indirect rights according to financial instruments exceeded 25%. It can be expected that Brimgarðar ehf.'s aggregate shareholding at year end, taking into account forward trading and exchange agreements, were between 25-30%.

The Company's Annual General Meeting on 26 April 2021 approved an ISK 650 million payment of dividend to shareholders for the operating year 2020.

The Board of Directors changed the Company's dividend policy during the year and the current policy of the Board is to pay the shareholders up to 50% of net cash provided by operating activities less the amount used

for repurchasing of own shares up until the call for the Annual General Meeting. The Board of Directors proposes a dividend payment of ISK 1,740 million to shareholders for the operating year 2021.

### Company Portfolio

At year end 2021 the Company's investment properties less lease assets amounted to ISK 103,304 million, development properties ISK 638 million and assets for own use ISK 3,859 million. Properties owned by the Group number 111 with a total of just over 312,000 sqm. of rental space in 600 rental units, and the total number of tenants is over 400. The Company's principal properties are Borgartún 21 and 26; Suðurlandsbraut 8 and 10; Mýrargata 2-16; Pósthússtræti 2; Álfrheimar 74 (Nýi Glæsibær); Grjótháls 1-3 and Austurstræti 5, 6, 7 and 17 in Reykjavík, Smáratorg 1 and 3 in Kópavogur and Glerártorg in Akureyri. The largest share of the Company's real estate portfolio is office space, which is 45% of the portfolio's worth. Commercial premises are 24% of the portfolio, warehouses 14%, hotels 10%, health related operations 4% and bars and restaurants 3%.

The Company acquired three properties during the year. Vatnagarðar 24 and Vatnagarðar 26 and a part of Síðumúli 15. The Company sold three properties during the year, Hafnarstræti 4, Fjölisgata 3b and Kirkjubraut 28.

### Social responsibility

The Company has now for the fourth time issued its ESG report which accompanies the 2021 financial statements. The ESG Report is prepared in accordance with Nasdaq's ESG guidelines from 2019 and contains information on the status and development of criteria relating to the Group's performance with regards to the environment, social factors, and governance.

### Corporate governance and non-financial information

Eik fasteignafélag's corporate governance is in accordance with the Act no. 2/1995 on limited liability companies, the Company's Articles of Association and Board's procedures. The Company emphasises maintaining good managements practices and the Company's corporate governance is based on Guidelines on Corporate Governance issued by the Iceland Chamber of Commerce, NASDAQ OMX Iceland, and the Confederation

of Icelandic Employers. Gender ratio in the Company's Board of Directors is 40% male and 60% female and thus the Company fulfils provisions in the Act on limited liability companies regarding gender ratios on boards of limited liability companies. Gender ratio in the Company's executive management is 77.8% male and 22.2% female. Ratio of the Company's employees is 61% male and 39% female. The average total number of employees within the Group converted to FTE was 44. A nomination committee receives candidacy and nominations from shareholders for candidates for the Company's Board of Directors and nominates candidates for the Board.

Further information on the Board of Directors and statement of corporate governance along with non-financial information is accessible at the Company's website, [www.eik.is](http://www.eik.is), and as appendices to the financial statements, "Statement on Corporate Governance" and "Non-Financial Information".

Reykjavik, 17 February 2022

Board of Directors

Eyjólfur Árni Rafnsson  
Chairman

Guðrún Bergsteinsdóttir

Hersir Sigurgeirsson

Kristín Friðgeirsdóttir

Ragnheiður Harðar Harðardóttir

CEO

Garðar Hannes Friðjónsson

Statement by the Board of Directors and the CEO

To the best of our knowledge the Consolidated Financial Statements of the Group are prepared in accordance with International Reporting Standards as adopted by the EU. In our opinion the Financial Statements give a true and fair view of the Group's assets, liabilities, and financial position as at 31 December 2021 and the financial performance of the Group and changes of cash flows for the year 2021.

The Board of Directors and the CEO of Eik fasteignafélag hf. hereby confirm the Company's financial statements for the year 2021 by means of their signatures.

Independent Auditors' Report

To the Board of Directors and Shareholders of Eik fasteignafélag hf.

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Eik fasteignafélag hf. ("the Group"), which comprise the consolidated statement of financial position as at December 31, 2020, the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and additional disclosure requirements for listed companies in Iceland.

Our opinion is consistent with the additional report submitted to the Audit Committee and the Board of Directors.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of financial statements in Iceland and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We declare, to the best of our knowledge and belief, that we have not provided any prohibited non-audit services, as referred to in Article 5(1) of the Regulation (EU) 537/2014 and that we remained independent in conducting the audit.

We were first appointed as auditors by the Annual General Meeting in 2004. We have been re-appointed by resolutions passed by the annual general meeting uninterrupted since then.

Key Audit Matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter

Valuation of investment properties

Reference is made to notes 13 and 31 e "Investment properties"

Book value of investment properties is ISK 105.638 million and are 91.9% of the Group's total assets at 31 December 2021.

The Group's investment properties are estimated at fair value at the reporting date by the Company's management. In valuing the properties management assesses future cash flow which the Company can expect from leases. Basis of this valuation are presumptions on estimated utilisation ratio of the properties in the future, market rent at the end of lease periods of current leases and their operating costs. Furthermore, management estimate of development of several factors in the future is taken into account, such as interest rates in capital markets.

Valuation of investment properties is a key audit matter in our audit of the Group's financial statements since investment properties are such a high percentage of its total assets and due to uncertainty regarding development of several factors on which the management valuation on cash flow due to the properties is based.

How the matter was addressed in the audit

We, as well as our valuation specialists, assessed calculation models and assumptions applied by management in determining fair value of the investment properties. Our audit work included, among other things:

- We verified functionality of the Company's calculation model by calculating fair value of a selected sample through our own valuation model.
- We inspected and assessed the reasonableness and assumptions of the calculations, such as lease payments according to contracts, market rent at the end of leases, maintenance and property taxes.
- We assessed whether presumptions applied in determining present value of future cash flow of the properties were appropriate by comparing them to information on financing terms of business premises and other market presumptions.
- We assessed the notes to the financial statements to confirm that disclosure requirements were fulfilled.



Other information in the Annual Report

The Board of Directors and CEO are responsible for the other information. The other information comprises the information included in the Annual Report of the Group, but does not include the consolidated financial statements and our auditor’s report thereon. Our opinion on the consolidated financial statements does not cover other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and CEO for the Consolidated Financial Statements

The Board of Directors and CEO are responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs as adopted by the European Union Union and additional disclosure requirements for listed companies in Iceland, and for such internal control as they determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors and CEO are responsible for assessing the Group’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Board of Directors and CEO are responsible for overseeing the Group’s financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably

be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors and audit committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide The Board of Directors and audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with The Board of Directors and audit committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements  
Report on European single electronic format (ESEF Regulation)

As part of our audit of the consolidated financial statements of Eik fasteignafélag hf. we performed procedures to be able to issue an opinion on whether the consolidated financial statements of Eik fasteignafélag for the year 2021 with the file name [2138005WRSDC4DI3BJ43-2021-12-31-is.zip] is prepared, in all material respects, in compliance with the Act on disclosure obligation of issuers of securities and the obligation to flag no. 20/2021 relating to requirements regarding European single electronic format Regulation EU 2019/815 which include requirements related to the

preparation of the consolidated financial statements in XHTML format and iXBRL markup.

Board of Directors and CEO are responsible for preparing the consolidated financial statements in compliance with the Act on disclosure obligation of issuers of securities and the obligation to flag no. 20/2021. This includes preparing the consolidated financial statements in an XHTML format in accordance with EU Regulation 2019/815 on the European single electronic format (ESEF Regulation).

Our responsibility is to obtain reasonable assurance, based on evidence that we have obtained, on whether the consolidated financial statements is prepared in all material respects, in compliance with the ESEF Regulation, and to issue a report that includes our opinion. The nature, timing and extent of procedures selected depend on the auditor's judgement, including the assessment of the risks of material departures from the requirement set out in the ESEF Regulation, whether due to fraud or error.

In our opinion, the consolidated financial statements of Eik fasteignafélag hf. for the year 2021 with the file name [2138005WRSDC4DI3BJ43-2021-12-31-is.zip]is prepared, in all material respects, in compliance with the ESEF Regulation.

Report on the report of the Board of Directors and CEO

Pursuant to the legal requirement under Article 104, Paragraph 2 of the Icelandic Financial Statements Act No. 3/2006, we confirm that, to the best of our knowledge, the report of the Board of Directors and CEO accompanying the consolidated financial statements includes the information required by the Financial Statement Act if not disclosed elsewhere in the consolidated financial statements.

The engagement partner on the audit resulting in this independent auditor’s report is Hrafnhildur Helgadóttir.

Reykjavik, 17 February 2022

KPMG ehf.

Hrafnhildur Helgadóttir

Sæmundur Valdimarsson

# Consolidated Income Statement and other Comprehensive Income

	Notes	2021	2020
Lease income .....	6	7.712	7.562
Other operating income .....	6	956	783
		8.668	8.345
Operating expenses .....	7	( 2.915)	( 2.885)
Impairment of receivables .....	17	( 107)	( 421)
		( 3.023)	( 3.306)
<b>EBITDA .....</b>		5.645	5.038
Gain (loss) on sale of investment properties .....		88	152
Changes in value of investment properties .....	13	5.215	594
Depreciation and impairment .....	16	( 135)	( 304)
<b>Operating profit .....</b>		10.813	5.480
Finance income .....		33	36
Finance cost .....		( 4.678)	( 4.439)
<b>Net financial expense .....</b>	10	( 4.645)	( 4.403)
<b>Profit before income tax .....</b>		6.168	1.076
Income tax .....	11, 21	( 1.234)	( 230)
<b>Profit for the year .....</b>		4.933	846
<b>Other profit</b>			
Operating items recorded in equity			
Revaluation of real estate .....	13,15	0	( 190)
Income tax of revaluation of real estate .....		0	37
<b>Other profit total .....</b>		0	( 153)
<b>Total profit for the year .....</b>		4.933	693
<b>Earnings per share:</b>			
Basic earnings and diluted earnings per share .....	19	1,44	0,25

The notes on pages 13 to 43 are an integral part of these consolidated financial statements.

# Consolidated Statement of Financial Position

	Notes	2021	2020
<b>Assets</b>			
Intangible assets .....	12	351	351
Investment properties .....	13	105.638	98.404
Assets in development .....	14	663	659
Assets for own use .....	15	4.183	3.789
Non-current receivables .....	17	88	83
Non-current assets		110.922	103.286
Trade and other receivables .....	17	708	842
Cash and cash equivalents .....		3.297	1.922
Current assets		4.005	2.764
<b>Total assets</b>		114.928	106.050
<b>Equity</b>			
Share capital .....		3.415	3.415
Share premium .....		12.648	12.648
Statutory reserve .....		866	866
Restricted equity .....		7.603	6.016
Retained earnings .....		12.951	10.255
<b>Total equity</b>	18	37.483	33.200
<b>Liabilities</b>			
Interest-bearing debt .....	20	60.061	60.500
Lease liabilities .....	21	2.355	2.287
Income tax liability .....	22	8.680	7.445
Non-current liabilities		71.095	70.232
Interest-bearing debt .....	20	4.753	1.501
Trade and other payables .....	23	1.596	1.116
Current liabilities		6.349	2.617
<b>Total liabilities</b>		77.444	72.850
<b>Total equity and liabilities</b>		114.928	106.050

The notes on pages 13 to 43 are an integral part of these consolidated financial statements.



Consolidated Statement of **Changes in Equity**

	Share capital	Share premium	Statutory reserve	Revaluation reserve	Restricted equity	Retained earnings	Total equity
<b>Year 2020</b>							
Equity 1.1.2020 .....	3.423	12.687	866	153	5.182	10.242	32.552
Total profit for the year .....			(	153)		846	693
Transferred to restricted equity .....					834	( 834)	0
Repurchase of own shares .....	( 8)	( 39)					( 46)
Equity 31.12.2020 .....	3.415	12.648	866	0	6.016	10.255	33.200
<b>Year 2021</b>							
Equity 1.1.2021 .....	3.415	12.648	866	0	6.016	10.255	33.200
Total profit for the year .....						4.933	4.933
Dividend paid ISK 0,19 per share .....						( 650)	( 650)
Transferred to restricted equity .....					1.587	( 1.587)	0
Equity fé 31.12.2021 .....	3.415	12.648	866	0	7.603	12.951	37.483

The notes on pages 13 to 43 are an integral part of these consolidated financial statements.

Consolidated Statement of **Cash Flows**

	Notes	2021	2020
<b>Cash flows from operating activities</b>			
Profit for the period .....		10.813	5.480
Operating items which do not affect cash flow:			
Gain on sale of investment properties .....	(	88)	( 152)
Valuation changes of investment properties .....	13 (	5.215)	( 594)
Depreciation .....	16	135	304
		5.645	5.038
Change in operating assets .....	(	264)	( 209)
Change in operating liabilities .....		382	7
		5.763	4.836
Interest income received .....	10	33	36
Interest expenses paid .....	(	2.304)	( 3.014)
Net cash from operating activities		3.492	1.858
<b>Cash flows used in investment activities</b>			
Investment in investment properties .....	13 (	2.191)	( 2.573)
Sold investment assets .....		491	0
Investment in assets for own use .....	15 (	533)	( 106)
Sold assets for own use .....		3	5
Investment in assets under development .....	14 (	3)	0
Changes in bond holdings .....	17 (	5)	( 47)
Other recievables, change .....		390	0
Net cash used in investing activities	(	1.848)	( 2.722)
<b>Cash flows (to) from financing activities</b>			
Dividend paid .....	(	650)	0
Purchase of treasury shares .....		0	( 46)
New long-term debts .....	20	12.814	21.181
Repayments and final payments of long-term loans .....	20 (	12.358)	( 20.260)
Short-term loans, change .....	(	75)	75
Net cash (to) from financing activities	(	270)	950
<b>Increase in cash and cash equivalents .....</b>		1.375	86
<b>Cash and cash equivalents at beginning of year .....</b>		1.922	1.837
<b>Cash and cash equivalents at end of year .....</b>		3.297	1.922

The notes on pages 13 to 43 are an integral part of these consolidated financial statements.

# Notes

## 1. General Information

Eik fasteignafélag hf., "the Company", is domiciled in Iceland. The Company's headquarters are at Sóltún 26 in Reykjavík. The consolidated financial statements of the Company for the year 2021 comprise the financial statements of the Company and its subsidiaries, together referred to as the "Group". The Group's operations are ownership, rental and operations of business premises and ownership of hotel operations. The consolidated financial statements of the Company are accessible at [www.eik.is](http://www.eik.is).

## 2. Basis of preparation

### a. Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU and additional Icelandic disclosure requirements for consolidated financial statements of listed companies. Changes in international financial reporting standards and their interpretations for annual periods beginning after 1 January 2021 did not have significant effect on the Company's financial statements. The financial statements were approved by the Company's Board of Directors on 17 February 2021. The same accounting policies have been applied in preparing these financial statements as in the previous year.

### b. Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis, except investment properties which are measured at fair value, and assets for own use which are measured at revalued cost. Methods in measuring fair value are discussed in notes 3, 13 and 27. Note 31 contains information on the Group's main accounting policies and changes to them during the year.

### c. Presentation and functional currency

The consolidated financial statements of the Group are presented in Icelandic krona (ISK), which is the Parent's and subsidiaries' functional currency. All amounts are presented in ISK million unless otherwise stated.

### d. Use of estimates and judgements

The preparation of consolidated financial statements in accordance with IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Changes to accounting estimates are recognised in the periods when the changes are made and in subsequent periods if the changes also affect those periods.

Information about management estimates and judgements in applying accounting policies that have the most significant effect on the financial statements is included in note 3 on fair value and note 13 on valuation of investment properties.

## 3. Determination of fair value

The Company has established a process for determining fair value. This means that management is responsible for all the important decisions regarding fair value, including decisions related to assessment strategies covered in level 3 of the fair value measurement. In determining fair value the Group utilises market information as far as possible, but if such information is not available it is based on management estimates.

Management regularly reviews important assumptions in the evaluation of assets and liabilities that are based on data which cannot be obtained in the market. If information from third parties, such as prices from brokers or pricing services, are used in determining fair value, management uses the information to support the conclusion that the assessment is in accordance with International Financial Reporting Standards (IFRSs), including the level that such an evaluation would fall under.

Fair value is classified according to the standards in a hierarchy system based on the assumptions used in the measurement according to following definitions:

Level 1: quoted prices (unchanged) in active markets for identical assets and liabilities.

Level 2: other assumptions than quoted prices according to level 1 which can be identified for the asset or liability, either directly (prices) or indirectly (derived from prices).

Level 3: assumptions used in determining asset or liability are not based on available market data (unobservable data).

If the assumptions used in determining fair value of assets and liabilities are classified at different levels in the classification, the total fair value is classified at the same level as the lowest important assumptions in the measurement.

If there is a change in classification of fair value during the reporting period the transfer between stages is at the end of that period.

Further information on assumptions used in determining fair value is in the following notes: Note 12 on intangible assets, note 13 on investment properties and note 31 on significant accounting policies.

## 4. Effect of COVID-19 on the financial statements

Effects of COVID-19 can still be seen both in the Company's operations and value of investment properties, but the effects are decreasing. The Company has met its tenants' operational difficulties which have experience drop in income by several means depending on the extent of problems.

Effects of COVID-19 on the Company's income statement can mainly be seen in impairment of receivables, increase in balance of receivables and negative results of Hótel 1919. The Company has decided to make a credit entry for issued rental invoices but recognize impairment of receivables. Further information on receivables is in note 17.

The operations of Hótel 1919 were poor in the first few months of the year but recovered during the summer. The fourth quarter of the year was weak. The hotel sector has been the industry most affected by the pandemic.

It is probable that effects of the pandemic will be visible on the operations and value of investment properties in the year 2022 but that it will continue to decrease in line with better grip on the pandemic.



5. Segment reporting

Segment reporting contains information on individual parts of the Company's operations. The Company's operations are divided into two segments which sell goods and services in different markets.

Segments 2021	Investment properties	Hotel	Offset entries	Total
Lease income .....	8.014	0	( 303)	7.712
Operating income .....	587	369	0	956
Operating expenses .....	( 2.680)	( 538)	303	( 2.915)
Impairment of receivables .....	( 107)	0	0	( 107)
EBITDA .....	5.814	( 169)	0	5.645
Gain on sale of investment properties .....	88	0	0	88
Change in value of investment properties .....	5.215	0	0	5.215
Depreciation .....	( 105)	( 30)	0	( 135)
Net finance expenses .....	( 4.623)	( 22)	0	( 4.645)
Income tax .....	( 1.279)	44	0	( 1.234)
Profit (loss) for the year .....	5.111	( 177)	0	4.933
Assets 31.12.2021 .....	114.848	364	( 284)	114.928
Liabilities 31.12.2021 .....	77.399	329	( 284)	77.444
Investments of the year .....	2.821	58	0	2.879

Segments 2020	Investment properties	Hotel	Offset entries	Total
Lease income .....	7.851	0	( 290)	7.562
Operating income .....	622	162	0	783
Operating expenses .....	( 2.664)	( 510)	290	( 2.885)
Impairment of receivables .....	( 416)	( 6)	0	( 421)
EBITDA .....	5.393	( 354)	0	5.038
Gain on sale of investment properties .....	152	0	0	152
Change in value of investment properties .....	594	0	0	594
Depreciation .....	( 280)	( 24)	0	( 304)
Net finance expenses .....	( 4.378)	( 26)	0	( 4.403)
Income tax .....	( 311)	81	0	( 230)
Profit (loss) for the year .....	1.170	( 323)	0	846
Assets 31.12.2020 .....	105.242	204	604	106.050
Liabilities 31.12.2020 .....	72.808	646	( 604)	72.850
Investments of the year .....	2.678	2	0	2.680

6. Operating income

Operating income is specified as follows:	2021	2020
Lease income .....	7.712	7.562
Operating income of common properties .....	481	518
Income from hotel operations .....	369	162
Other income .....	106	103
Total operating income .....	8.668	8.345

The Group has entered into lease agreements which are valid for a period from a few months up to almost 28 years. Almost all of the agreements are connected to price changes by connecting them to consumer price index for indexation. The group has 13 lease agreements connected to turnover either in full or in part, and the ratio of lease income from such agreements was just under 3% of the Company's total lease income. Income weighted average rental period is 6,4 years (2020: 6,6 years). Some of the lease agreements can be terminated before the end of the lease period.

Following is an analysis of future lease income of current lease agreements without taking into account revaluation clauses regarding lease payments and termination provisions.

Lease income 2021 .....	-	7.609
Lease income 2022 .....	7.872	6.400
Lease income 2023 .....	6.327	5.377
Lease income 2024 .....	5.804	4.895
Lease income 2025 .....	5.518	4.674
Lease income 2026 .....	5.025	-
Lease income more than five years .....	25.545	25.042
Lease income total .....	56.090	53.998

7. Operating expenses

Operating expenses are specified as follows:		
Property tax .....	1.301	1.315
Insurance .....	83	78
Maintenance of investment properties .....	41	45
Operating expenses of properties .....	576	608
Other operating expenses of investment properties .....	201	171
Operating expenses of hotel .....	236	221
Office and administrative expenses .....	476	446
Total operating expenses .....	2.915	2.885

Operating expenses are specified as follows between leased assets and assets not generating lease income in the year:

	2021	2020
Leased assets .....	2.113	2.139
Assets not generating lease income in the year .....	91	79
	2.203	2.218
Operating expenses of hotel .....	236	221
Office and administrative expenses .....	476	446
Total operating expenses .....	2.915	2.885

Hótel 1919 ehf., which is operated as a part of Radisson Hotel Group, received governmental support amounting to ISK 23 million (2020: ISK 60 million) which decreases the hotel's operational costs. Regarding increase in shares in Hótel 1919 reference is made to note 29.

8. Salaries and salary related expenses

Salaries and salary related expenses are specified as follows:	2021	2020
Salaries .....	509	539
Contributions to pension funds .....	65	69
Other salary-related expenses .....	58	33
Other staff related expenses .....	18	14
Total salaries and salary-related expenses .....	650	655
Man-years .....	44	40
Positions at the end of the year .....	46	34

Salaries and salary-related expenses are allocated to operating items as follows:

Operating expenses of investment properties .....	195	183
Operating expenses of hotel .....	122	179
Office and administrative expenses .....	332	293
Kostnaður vegna skráninga .....	650	655
Total salaries and salary-related expenses .....		

9. Fees to auditors

Fees to auditors of the Company are specified as follows:	2021	2020
Audit of financial statements and review of interim financial statements .....	19	18
Other services .....	2	3
Total fees to auditors .....	21	21

10. Finance income and finance expenses

Finance income and finance expenses are specified as follows:	2021	2020
Interest income .....	33	36
Interest expenses .....	( 2.184)	( 2.276)
Indexation .....	( 2.317)	( 1.844)
Prepayment charge .....	( 52)	( 189)
Interest expenses of lease liabilities .....	( 97)	( 95)
Other finance expenses .....	( 28)	( 35)
Total finance expenses .....	( 4.678)	( 4.439)
Total finance income and finance expenses .....	( 4.645)	( 4.403)

Classification of finance expenses has been changed from previous year.

11. Income tax

Expensed income tax

Effective income tax is specified as follows:	2021	2020
Profit before income tax .....	6.168	1.076
Income tax according to the current tax ratio .....	20,0% 1.234	20,0% 215
Non-deductible costs .....	0,0% 0	2,1% 22
Provision for tax asset .....	(0,1%) ( 6)	(1,1%) ( 12)
Other changes .....	0,1% 7	0,5% 5
Effective income tax .....	20,0% 1.234	21,4% 230



12. Intangible assets

Intangible assets are specified as follows:

	Goodwill	Trade agreement	Total intangible assets
Cost 1.1.2020 .....	351	220	571
Total amortisation 1.1.2020 .....	0	( 138)	( 138)
Book value 1.1.2020 .....	351	82	433
Amortisation 2020 .....	0	( 28)	( 28)
Impairment 2020 .....	0	( 54)	( 54)
Book value 31.12.2020 .....	351	0	351
Book value 31.12.2021 .....	351	0	351

Goodwill is not amortised but is evaluated at least annually taking impairment into account or more often if there is indication of impairment. In performing impairment test fair value less cost to disposal was evaluated.

Key assumptions which supported the impairment test were among others the following:

- WACC 6,3%
- Growth 0,5%
- Equity ratio 30%

The cash flow model used is comparable and with the same presumptions as were used in valuating the Company's investment properties (notes 13 and 31). The impairment test did not indicate any impairment.

The following changes of presumptions would have lead to impairment at year end 2020:

- Incfrease in WACC of 0,5%
- Decrease in interests of 0.5% down to 0%
- Decrease in market rent by 10%

13. Investment properties

	2021	2020
Book value at the beginning of the year .....	98.404	95.918
Changes in lease assets .....	68	227
Investment in current investment properties .....	1.401	1.803
Investment in new investment properties .....	946	133
Sold investment properties .....	( 394)	( 238)
Value adjustment .....	5.215	594
Recognised from assets for own use .....	0	( 32)
Book value at end of period .....	105.638	98.404

Segmentation of investment properties

Real estate .....	102.843	95.677
Building rights and plots .....	461	461
Lease assets .....	2.333	2.265
Total investment assets .....	105.638	98.404

2021	Commercial buildings	Office buildings	Industrial and storage	Hotel and restaurant	Wellness and other	Total
Book value at 1.1. ....	23.862	44.784	12.741	9.559	5.192	96.137
Investment for the year .....	381	744	41	59	177	1.401
Investment in new assets .....	71	75	758		41	946
Sold during the year .....	(	161)	( 73)	( 160)	(	394)
Reclassification .....	531	132	( 457)	( 92)	( 115)	
Value adjustment for thea year .....	839	1.891	1.098	1.025	361	5.215
Book value at 31.12 .....	25.684	47.465	14.109	10.391	5.656	103.304
Proportion .....	24,9%	45,9%	13,7%	10,1%	5,5%	100,0%

2020	Commercial buildings	Office buildings	Industrial and storage	Hotel and restaurant	Wellness and other	Total
Book value at 1.1. ....	23.088	43.410	12.212	10.521	4.647	93.878
Investment for the year .....	895	544	105	127	131	1.803
Investment in new assets .....		133				133
Sold during the year .....		(	238)		(	238)
Moved from assets for own use .....	(	32)			(	32)
Reclassification .....	107	( 241)	( 7)	( 65)	204	
Value adjustment for thea year .....	( 228)	970	668	( 1.025)	210	594
Book value at 31.12 .....	23.862	44.784	12.741	9.559	5.192	96.137
Proportion .....	24,8%	46,6%	13,3%	9,9%	5,4%	100,0%

Following is information on main presumptions and changes which have occurred.

The Group' investment properties are valued by management of the Company at fair value at the reporting date in accordance with the International Accounting Standard IAS 40.

In measuring the assets, management has estimated discounted future cash flow that the Company can expect from current lease agreements and lease agreements the Company expects to enter into at the end of lease period of current lease agreements. The measurement is in accordance with level 3 in the fair value hierarchy, see further note 3, and there were no changes in classification during the year. The measurement is based on presumptions on expected utilisation ratio of the properties in the future, market rent at the end of lease periods of current agreements and operating costs of these properties. The approach and conclusions, which are used in measuring both amounts and timing of future cash flow, are revaluated on a regular basis in order to come closer to actual fair value of the assets. Management estimates of development of several other factors in the future are also taken into account, such as changes in lease and capital markets.

Management had transactions of business premises in the 2020 looked at and the result was that evaluation of the Company's investment properties was comparable to those market transactions.

Effect of COVID-19

The effect of COVID-19 on value of investment properties varies by types of real estate but the effect is decreasing. The Company expects a lower income flow in its estimate of value for up to two years on properties where tenants have experienced a drop in income. The effect is mainly on hotels, bars, and restaurants but less on other types. It can be expected that effect on value of investment properties due to expectations of lower income flow will continue to decrease in line with better grip on the pandemic on a global level.

Interest

Presumptions on interests applied in calculating the Company's weighted average cost of capital have been revalued from the previous year's estimate in accordance with changes to general credit terms, but management expectations on market interest of individual assets are relied upon. Changes were made to interest rates to reduce.

Rate of return on equity and equity ratio

Rate of return on equity is derived from the CAPM model (Capital Asset Pricing Model). Changes were made to presumptions of rate of return on equity for reduction. The Company's WACC is between 5,4% - 6,8% (2020: 5,5% - 7,3%) depending on assets and reduced by 0,13% between years. Tax shield is not taken into account in calculating WACC. Equity ratio is expected to be 30%.

Utilisation of lease units

Rental value ratio of the Group was 94.2% at the end of year 2021 (2020: 92.0%). Rental value ratio is the ratio of leased properties which are in a leasable condition relative to lease payments but not relative to square metres. Presumptions on rental value ratio of individual assets are between 25% to 100% by assets and future estimate is 95% (2020: 95%).

Market rent

In estimating future cash flow market rent needs to be evaluated at the time when current lease agreements expire. The market rent is based on management estimate of development of rental price in the future.

Estimated lease income is based on current lease agreements and management estimate of development of rental price in the future.

2021	Commercial buildings	Office buildings	Industrial and storage	Hotel and restaurant	Wellness and other	Total
Estimated lease income pr. m²						
pr. month (ISK) .....	843-6.712	1.335-4.617	502-2.312	1.651-5.961	1.238-3.669	
Estimated weighted average rent						
pr. m² pr. month (ISK) .....	2.242	2.550	1.819	3.861	2.650	2.411
WACC	5,9-6,5%	5,4%-6,8%	6,2-6,8%	5,4-6,8%	5,9-6,5%	6,1%

2020	Commercial buildings	Office buildings	Industrial and storage	Hotel and restaurant	Wellness and other	Total
Estimated lease income pr. m²						
pr. month (ISK) .....	800-6.412	692-4.384	550-2.377	1.567-4.978	1.176-3.285	
Estimated weighted average rent						
pr. m² pr. month (ISK) .....	2.012	2.446	1.674	3.687	2.425	2.293
WACC	6,0-6,6%	5,5%-7,3%	6,3-7,3%	5,7-6,9%	6,0-6,6%	6,3%

Sensitivity analysis

Effects of changes in fair value of investment properties:	2021		2020	
	Increase	Decrease	Increase	Decrease
Increase (decrease) of lease income by 1% .....	1.432	( 1.432)	1.341	( 1.341)
Increase (decrease) of rental value ratio by 1%-point .....	1.382	( 1.382)	1.390	( 1.390)
Decrease (Increase) of rate of return by 0.5%-points .....	9.319	( 7.844)	8.855	( 7.480)

Official assessment value and insurance value

Book value of the Group's real estate and plots amounte to ISK 107.801 million (2020: ISK 100.316 million.). Official assessment value of real estate and plots amounted to ISK 89.765 million (2020: ISK 85.457 million). At the same time fire insurance value of the assets amounted to ISK 94.177 million (2020: ISK 85.929 million). Insurance value of additional fire insurance amounted to ISK 17.013 million (2020: ISK 16.082 million).



Pledges and guaranteess

The Group's real estates, whether classified as investment properties, properties under construction og assets for own use, are pledged as collaterals for the Group's liabilities for the amount of ISK 64.769 million at year end (2020: ISK 61.994 million). A part of the Group's real estates carry input VAT encumbrance in the amount of ISK 3.037 million at year end (2020: ISK 2.623 million) which lapse over 20 years. The VAT encumbrance does not become payable unless prerequisites change, if relevant real estate is utilised for operations which are exempt from VAT or they are sold less the encumbrance. In addition there is an encumbrance for the amount of ISK 222 million for a building right at the Company's plot at Borgartún 21. The encumbrance will lapse at year end 2026 and will not become payable unless construction will commence on the plot.

14. Development properties

Development properties are specified as follows:	2021	2020
Book value at 1.1	659	0
Investment in new development properties	0	638
Investment in current development properties	3	0
Change in lease asset	1	21
Book value at 31.12	663	659

15. Assets for own use

Assets for own use are specified as follows:

	Real estate	Interiors and other	Total
<b>Cost</b>			
Balance at 1.1.2020	4.044	402	4.446
Revaluation during the year	( 158)	0	( 158)
Additions during the year	57	49	106
Sold during the year	0	( 5)	( 5)
Balance at 31.12.2020	3.943	446	4.389
Additions during the year	436	96	533
Sold during the year	0	( 3)	( 3)
Balance at 31.12.2021	4.380	538	4.918
<b>Depreciation</b>			
Depreciation at 1.1.2020	202	175	378
Depreciation during the year	31	84	115
Impairment during the year	107	0	107
Total depreciation at 31.12.2020	341	259	600
Depreciation during the year	85	50	135
Total depreciation at 31.12.2021	426	310	735
<b>Book value</b>			
At 1.1.2020	3.842	226	4.068
At 31.12.2020	3.603	186	3.789
At 31.12.2021	3.954	229	4.183
<b>Book value less revaluation</b>			
At 1.1.2020	3.684	226	3.910
At 31.12.2020	3.603	186	3.789
At 31.12.2021	3.954	229	4.183

The Group's assets for own use are revaluated at fair value at the reporting date. The revaluation is based on the same methods as valuation of the Company's investment assets (note 13).

16. Depreciation

Depreciation and impairment losses is specified as follows:	2021	2020
Intangible assets .....	0	82
Office .....	3	3
Hotel .....	113	205
Interiors and other .....	20	15
Total depreciation and impairment losses .....	135	304

17. Trade receivables and other receivables

Trade receivables and other receivables are specified as follows:	2021	2020
Long-term receivables .....	88	83
Trade receivables due to lease .....	180	169
Trade receivables due to deferred lease payments .....	384	142
Trade receivables due to other operations .....	103	107
Total trade receivables .....	667	418
Short-term receivable due to sold investment asset .....	0	390
Other short-term receivables .....	41	34
Other short-term receivables total .....	41	424
Total trade receivables and other short-term receivables .....	708	842
Impairment of trade receivables is specified as follows at year end:	2021	2020
Depreciation reserve at beginning of the year .....	402	50
Depreciated bad debt during the year, change .....	( 56)	( 39)
Expensed during the year .....	60	391
Depreciation reserve at year end .....	406	402

The Company's long-term receivables for the amount of ISK 25 million (2020: ISK 31 million) are for lease payments due. Where lease payments due are changed to long-term receivables the Company has in general received additional insurance in addition to the receivable becoming interest bearing and in instalment process. Balance at year end takes into account precautionary recording of ISK 33 million (2020: ISK 20 million). Charge for the year amounts to ISK 60 million (2020: ISK 391 million), whereof ISK 210 million (2020: ISK 429 million) is a precautionary entry and ISK 150 million (2020: ISK 38 million) a reverse charge. The Company has worked on solutions with its tenants who have encountered significant drop in income, which have mainly been related to deferral of part of lease payments.

18. Equity

Share capital

The Company's total share capital according to its Articles of Association amount to ISK 3.423.863.435. The Company holds treasury shares in the nominal value of ISK 8.800.000 at the end of the period which is recognised as decrease in share capital. Outstanding shares at year end are 3.415.063.435 and are all paid up. One vote is attached to each ISK 1 share in the Company.

Share premium

Share premium represents excess of payments above nominal value that shareholders have paid for shares sold by the Company.

Reserves

A statutory reserve is established by the Company in accordance with Act No. 2/1995 on limited liability companies, which stipulates that at least 10% of the Company's profit, not utilised to adjust previous years' losses or for other reserves in accordance with law, shall be allocated to the statutory reserve until the reserve amounts to 10% of the Company's share capital. When that benchmark has been reached the contribution to the reserve shall be at least 5% until its value has reached 25% of the Company's share capital. The statutory reserve can be used to offset loss which cannot be offset with entries from other reserves. When the statutory reserve amounts to more than 25% of the share capital, the excess amount can be utilised to increase share capital or, or if provisions in Article 53 of the Act no. 2/1995 on limited liability companies are met, for other needs.

Revaluation reserves

Revaluation of assets for own use is recognised in revaluation reserve. The revaluation is liquidated equal to its annual depreciation in the statement of comprehensive income. Liquidation of revaluation is recognised among retained earnings.

Restricted minority interest reserve

According to the Financial Statements Act no. 3/2006 companies are required to recognise share in profit or loss of subsidiaries, which is recognised in the income statement and is in excess of dividend received or dividend which has been decided to distribute, to restricted minority interest reserve among equity.



**Retained earnings**

Retained earnings consist of the Group's retained profit and accumulated deficit from the establishment of the parent company, with valuation canges of investment properties taking into account income tax effects, less dividend payments and transfers to and from other equity items.

**Capital management**

The Company's Board of Directors has established an equity ratio of 30%. It is the Board's policy to ensure a strong equity position and support stable future operating development. The Board aims to keep balance between rate of return of equity and optimisation and security which is achieved with strong equity ratio. The Company's equity ratio was 32,6% at year end (2020: 31,3%). Return on equity was positive by 15,1% in the year 2020 (2020: 2,2%).

**Dividend**

A dividend of ISK 650 million was paid to shareholders in the year 2021 for the operating year 2020. On 23 November 2021 the Company's Board of Directors changed its dividend policy. The current policy of the Board is to pay the shareholders up to 50% of net cash provided by operating activities less the amount used for repurchasing of own shares up until the call for the Annual General Meeting. In preparing a proposal on dividend payment the Company's financial positions, expected investments and status of the economy shall be considered. The Board of Directors proposes to the Annual General Meeting a dividend payment of ISK 1,740 million to shareholders in the year 2022 for the operating year 2021.

**19. Basic and diluted earnings per share**

Basic earnings per share is calculated by dividing the profit to average number of active shares during the year and shows the earnings per each share of ISK 1. Diluted earnings per share is the same as basic earnings per share since no share options have been granted by the Company nor has it sold convertible bonds.

	2021	2020
Profit for the year.....	4.933	846
Issued ordinary shares at 1.1.....	3.415	3.423
Effect of repurchase of own share.....	0 (	6)
Weighted-average number of ordinary shares at 31.12.....	3.415	3.417
Earnings per share.....	1,44	0,25

**20. Interest bearing liabilities**

This note includes information about the contractual provisions of the Group's interest bearing liabilities. Reference is made to note 25 for information on the Group's foreign exchange and interest rate risk.

	2021	2020
Interest bearing liabilities 1 January .....	62.001	59.780
New borrowings .....	12.814	21.181
Repayments and settlements of long-term liabilities .....	( 12.358) (	20.260)
Indexation .....	2.244	1.285
Capitalised borrowing cost, change .....	76	39
Other long-term liabilities, change .....	37 (	24)
Interest bearing liabilities 31 December .....	64.814	62.001

**Long-term liabilities**

Listed bonds and bank loans .....	60.016	60.493
Other long-term liabilities .....	45	7
	60.061	60.500

**Short-term liabilities**

Current maturities of liabilities .....	4.753	1.501
	4.753	1.501

Total interest bearing liabilities .....	64.814	62.001
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**Terms and repayment period of interest bearing liabilities**

	Weighted average interest rates	Final maturity	2021	2020
Loan in ISK, indexed .....	2,75%		0	5.275
Skuldabréfaútgáfa EIK 15 1 í ISK, verðtryggt .....	3,30%		0	3.322
Bond issue EIK 15 1 in ISK, indexed .....	3,60%	2046	5.817	5.687
Bond issue EIK 100346 in ISK, indexed .....	3,50%	2047	21.053	20.534
Bond issue EIK 161047 in ISK, indexed .....	3,08%	2049	6.809	6.003
Bond issue EIK 050749 in ISK, indexed .....	2,71%	2026	6.149	6.639
Bond issue EIK 050726 in ISK, indexed .....	2,33%	2033	8.161	6.467
Bond issue EIK 141233 in ISK, indexed .....	1,45%	2027	3.080	-
Bond issue EIK 23 1 in ISK, non-indexed .....	2,90%	2023	1.198	-
Bond issue EIK 24 1 in ISK, non-indexed .....	4,34%	2024	2.994	-
Loan in ISK, non-indexed .....	4,40%	2024-2029	9.507	8.067
Other non-indexed long-term liabilities .....	0,30%	2022-2029	45	7
Total long-term liabilities, incl. current maturities .....			64.814	62.001
Current maturities .....			( 4.753) (	1.501)
Total .....			60.061	60.500

Repayment of long-term liabilities is specified as follows over the next years:	<b>2021</b>	<b>2020</b>
Repayments in 2021 .....	-	1.501
Repayments in 2022 .....	4.753	1.514
Repayments in 2023 .....	2.697	1.561
Repayments in 2024 .....	4.975	2.049
Repayments in 2025 .....	5.003	11.722
Repayments in 2026 .....	6.850	-
Subsequent repayments .....	40.536	43.654
Total .....	64.814	62.001

At the end of 2021 the Company fulfilled all covenants relating financial strength and cash flow obligations which it has undertaken in terms of loans and bonds.

The Company refinanced considerable part of its debt during the year and obtained new bank loans along with increasing issued bond classes and issuing new bond classes. The Company repaid the bond class EIK 15 1 by obtaining an ISK 3,400 million unindexed bank loan for 12 months. This loan has now been refinanced.

The Company issued three new bond classes during the year, EIK 23 1, EIK 24 1 and EIK 100327, along with increasing EIK 141233. In total the Company sold for the nominal amount of ISK 8,700 million in bond offerings during the year. The funds were mainly used for instalments of bank loans.

The Company has unused credit facility amounting to ISK 1,200 million at year end.

### 21. Lease liability

The Company's lease liability is specified as follows:	<b>2021</b>	<b>2020</b>
<b>Lease assets</b>		
Balance at beginning of period .....	2.287	2.039
Change due to revaluation .....	56	247
Purchased and sold assets .....	12	1
Balance at end of period .....	2.355	2.287

### Lease liabilities

Balance at beginning of period .....	2.287	2.039
Change due to revaluation .....	56	247
Purchased and sold assets .....	12	1
Balance at end of period .....	2.355	2.287

### Amounts in statement of comprehensive income

Interest expenses on lease liabilities expensed to income statement .....	97	95
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### Amounts in statement of cash flow

Interest expense of lease liabilities paid .....	97	95
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### 22. Income tax liability

The Company's income tax liability is specified as follows:

Income tax liability at 1 January .....	7.445	7.252
Income tax liability in statement of comprehensive income .....	1.234	230
Income tax due to changes in equity .....	0	( 37)
Income tax liability at 31 December .....	8.680	7.445

Income tax liability is specified as follows:

Real estate .....	9.299	8.123
Tax loss carry-forward .....	( 545)	( 616)
Provision for tax asset .....	13	12
Other items .....	( 88)	( 73)
Tax liability at year end .....	8.680	7.445



Tax loss carry-forward, which is not utilisable against profit within 10 years since it developed, will terminate. Tax loss carry-forward at year end is utilisable as follows:

Taxable loss due to 2011, utilisable until year end 2021 .....		39
Taxable loss due to 2012, utilisable until year end 2022 .....	30	31
Taxable loss due to 2013, utilisable until year end 2023 .....	179	179
Taxable loss due to 2014, utilisable until year end 2024 .....	113	113
Taxable loss due to 2015, utilisable until year end 2025 .....	240	240
Taxable loss due to 2016, utilisable until year end 2026 .....	239	535
Taxable loss due to 2017, utilisable until year end 2027 .....	179	189
Taxable loss due to 2018, utilisable until year end 2028 .....	786	809
Taxable loss due to 2019, utilisable until year end 2029 .....	525	525
Taxable loss due to 2020, utilisable until year end 2030 .....	422	422
Taxable loss due to 2021, utilisable until year end 2031 .....	9	-
	2.723	3.082

Income tax asset is recognised to the extent that it is considered likely that future protig can be utilised against the asset.  
Income tax asset is evaluated at each reporting date.

23. Trade payables and other short-term payables

Trade payables and other short-term payables are specified as follows at year end:	2021	2020
Trade payables .....	347	208
Accrued interest .....	508	452
Short-term liabilites due to purchased investment assets .....	155	0
Other short-term liabilities .....	587	456
Total trade payables and other short-term payables .....	1.596	1.116

24. Investing and financing without credit:

The sale price of investment assets .....	0	390
Other short-term receivables .....	0 (	390)
The purchase price of investment assets ..... (	155)	0
Other short-term liabilities .....	155	0

25. Financial risk management

The Group's financial instruments are exposed to several risks og those will be described below along with methods applied by the Group in evaluating and managing the risk. The Company's Board of Directors is responsible for implementing and monitoring the Group's risk management. Risk management is meant to analyse or detect risk factors, set benchmarks relating to risks and monitor it.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and guarantees are not sufficient for the outstanding receivable. Credit risk arises principally from financial position and operations of the Group’s customers. The Company analyses financial position of new customers for creditworthiness prior to entering into business, in addition to requesting 3-6 months' guarantees. If a customer does not meet contractual obligations the agreement is generally terminated 45 days after due date. Follow up on collections is effective and decisions made on how to react to them.

The Group's maximum exposure to credit risk of financial assets is their book value which at year-end was as follows:

	2021	2020
Cash and cash equivalent	3.297	1.922
Trade receivables .....	755	501
Other short-term receivables .....	41	424
Total maximum exposure .....	4.093	2.847

The aging of trade receivables and impairment at year-end was as follows:

	2021		2020	
	Nominal value	Impairment	Nominal value	Impairment
Past due 0 - 30 days .....	157	3	246	34
Past due 31 - 60 days .....	29	5	92	36
Past due 61 - 90 days .....	20	9	85	54
Past due more than 90 days .....	867	390	397	278
	1.073	406	820	402

Overdue receivables due to entities within tourism and bars and restaurants amount to ISK 841 million (2020: ISK 567 million)but they have been depreciated ISK 365 million (2020: ISK 351 million). Of these receivables there are ISK 678 million (2020: ISK 380 million) due to deferred lease payments, but they have been depreciated by ISK 294 million (2020: ISK 239 million).

**Liquidity risk**

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group observes development of its liquidity by analysing due dates of financial assets and financial liabilities with the aim to ensure that it will always have sufficient liquidity to meet its liabilities. The Company had undrawn credit facilities of ISK 1.200 million at year end. The Company owns unpledged investment properties valued at ISK 7.850 million.

Contractual instalments of liabilities, including expected interest payments, are specified as follows:

	Book value	Contractual cash flows	Less than 1 year	1 - 2 years	2 - 5 years	More than 5 years
<b>2021</b>						
Interest bearing loans .....	64.814	87.320	6.755	4.648	21.768	54.149
Trade receivables and other short-term receivables	1.596	1.596	1.596			
	66.410	88.916	8.351	4.648	21.768	54.149
<b>2020</b>						
Interest bearing loans .....	62.001	86.261	3.431	3.427	20.719	58.683
Trade receivables and other short-term receivables	1.116	1.116	1.116			
	63.118	87.377	4.547	3.427	20.719	58.683

**Interest rate risk**

Interest rate risk is the risk of changes in fair value or cash flow from financial assets and financial liabilities due to changes in market interest rates. The Group's interest bearing financial instruments are specified as follows at year end:

	2021	2020
<b>Financial instruments with fixed interest rates</b>		
Interest bearing loans .....	( 55.262)	( 48.954)
Net financial instruments with fixed interest rates .....	( 55.262)	( 48.954)

<b>Financial instruments with floating interest rates</b>		
Cash and cash equivalents .....	3.297	1.922
Interest bearing loans .....	( 9.552)	( 13.047)
Net financial instruments with floating interest rates .....	( 6.254)	( 11.125)

**Sensitivity analysis of the cash flow of financial instruments with floating interest rates**

A change of 100 basis points in interest rates at the reporting date would have increased (decreased) the profit before income tax by ISK 63 (63) million (2020: ISK 111 million). This analysis assumes that all other variables remain constant. The analysis is performed on the same basis as for the year 2020.

**Financial instruments with fixed interest rates**

The Group's financial instruments with fixed interest rates are not recognised at fair value through statement of comprehensive income. If there is a change in interest rate at reporting date it has no effect on the Group's financial performance.

**Inflation risk**

Inflation risk is the risk of the Company's results fluctuating due to changes in consumer price index. Interest bearing liabilities in the amount of ISK 55.262 million. (2020: ISK 53.927 million) re indexed to the consumer price index. A change in inflation of one percentage point at year end 2021 would have decreased the Company's profit before income tax in the amount of ISK 552 million (2020: ISK 539 million). The analysis is based on all other variables remaining constant.

**26. Operation risk**

Operational risk is a risk related to other factors than those discussed above, general factors which apply to operation of real estate companies. Operational risk is the risk of direct or indirect loss arising from a wide variety of factors in the Group's operations, the work of the Group's personnel, technology and organisation, and from external factors other than the above mentioned, such as changes in laws, increased tax levy as with property taxes and general attitude towards corporate governance. Operational risks arise from all of the Group's operations.

The Company's objective is to manage operational risk efficiently in order to avoid financial losses and to protect the Company's reputation. In order to reduce operational risk, among other things, an appropriate segregation of duties has been implemented, transactions are controlled as well as compliance with laws, regular assessment of risk is performed, employees are trained, procedures are organised and documented, and insurance is purchased when applicable.

**27. Fair value**

**Comparison of fair value and book value**

Fair value and book value of financial assets and financial liabilities is specified as follows:

	31. desember 2021		31. desember 2020	
	Book value	Fair value	Book value	Fair value
Interest bearing loans .....	64.814	68.727	62.001	65.915

Fair value of the Company's listed bonds is calculated in accordance with level 3, see note 3. Fair value of other financial assets and financial liabilities is the same as their book value.

28. Related parties

Definition of related parties

The Group has a related party relationship with members of the Board of Directors, management and shareholders which have significant influence, companies controlled by them, along with their spouses and fiancially dependent children.

Related parties with significant influence

According to the Company’s shareholder registry, Brimgarðar ehf. owned 16.3% share in the Company at year end. On 7 May 2021 a major shareholder announcement was published on Nasdaq Iceland since Brimgarðar ehf.’s direct shareholding and direct and indirect rights according to financial instruments exceeded 25%. It can be expected that Brimgarðar ehf.’s aggregate shareholding at year end, taking into account forward trading and exchange agreements, were between 25-30%.

Transactions with companies controlled by members of the Board of Directors

No transactions were with companies controlled by members of the Board of Directors.

Transactions with management

Salaries and benefits to management for their work for the Group and shares in the Company are specified as follows:

Year 2021	Salaries and benefits	Success based payments	Contribution to pension funds	Nominal value of shares
Eyjólfur Árni Rafnsson, Chairman of the Board .....	8,6		1,2	
Guðrún Bergsteinsdóttir, Vice chairman of the Board .....	4,5		0,6	
Hersir Sigurgeirsson, Board member .....	4,9		0,7	0,5
Kristín Friðgeirsdóttir, Board member .....	3,1		0,4	
Ragnheiður Harðar Harðardóttir, Board member .....	3,5		0,5	
Arna Harðardóttir, former Board member .....	1,5		0,2	
Bjarni Kristján Þorvarðarson, former Board member .....	1,4		0,2	
Garðar Hannes Friðjónsson, CEO .....	38,4	3,8	5,2	7,4
Directors, 6 ftes. ....	107,5	4,6	13,9	0,3

Year 2020	Salaries and benefits	Success based payments	Contribution to pension funds	Nominal value of shares
Eyjólfur Árni Rafnsson, Chairman of the Board .....	8,1		1,1	
Guðrún Bergsteinsdóttir, Vice chairman of the Board .....	5,1		0,6	
Arna Harðardóttir, Board member .....	4,4		0,5	
Bjarni Kristján Þorvarðarson, Board member .....	4,1		0,6	
Hersir Sigurgeirsson, Board member .....	2,5		0,3	0,5
Agla Elísabet Hendriksdóttir, former Board member .....	2,0		0,3	
Garðar Hannes Friðjónsson, CEO .....	40,5		5,5	7,4
Directors, 6 ftes. ....	112,1	5,5	15,1	0,3

Salaries and benefits due to two directors that quit during 2021 amounted to ISK 22,6 million and contribution to pension funds ISK 2,2 million.

No irregular contracts have been entered into with board members or management.

The share of Garðar Hannes Friðjónsson is through Burðarbita ehf. and Hersir Sigurgeirsson through Endurreisnarsjóðinn ehf.

29. Subsidiaries

Shareholding in subsidiaries	Share 2021	Share 2020
Eik rekstrarfélag ehf. ....	100,0%	100,0%
Landfestar ehf. ....	100,0%	100,0%
- LF1 ehf. ....	100,0%	100,0%
- Hótel 1919 ehf. ....	100,0%	100,0%

All of the subsidiaries are domiciled in Reykjavík.

In February 2021, Hótel 1919 increased its share capital by ISK 500 million and LF1 bought all the shares.

30. Events after the reporting date

LF1, subsidiary of Landfestar, received in January 2022 an announcement of the utilization of a purchase option on two of the Company’s properties in Akranes. These are the properties at Höfðasel 2 and 4 which have been leased to BM Vallá. Book value of the properties was ISK 285 million at 31 December 2021 and adjusted purchase price according to the purchase option is around ISK 530 million, but the purchase price will change in line with development of consumer price index until delivery. Delivery of the properties is expected to be on 30 September 2022. Therefore, the Company will in 2022 recognize the difference in final price at delivery and book value of the properties at the beginning of the year.

In interest bearing loans among short-term liabilities the Company had a bank loan amounting to ISK 3,300 million with final due date at 15 March 2022. The loan has been refinanced for 12 months.



31. Significant accounting policies

The accounting policies set out below have been consistently applied to all periods presented in the Company's financial statements.

In order to increase the information value of the financial statements, the notes are published on the basis of how appropriate and significant they are for the reader. This entails that information which is considered neither significant nor appropriate for the user of the financial statements are not published in the notes.

a. Basis of consolidation

i) Merger of companies

The purchase method is applied at merger when control transfers to the Group. The transaction at merger is measured at fair value as well as the separable assets and liabilities which are taken over. Goodwill generated is tested annually for impairment. Profit from favourable purchases is recognised immediately in the statement of comprehensive income. Transaction costs are expensed as it occurs except when it is related to issue of bonds or shares.

Conditional supplementary payments are recognised at fair value at the acquisition date. If such supplementary payment is categories as equity it is not revalued and is settled within equity. In other instances changes in fair value of conditional supplementary payment is recognised in the statement of comprehensive income.

ii) Subsidiaries

Subsidiaries are entities controlled by the Group. Control is based on whether the Group has power over the investment, bears a risk or has the rights to variable returns from its involvement in the investment and has the ability to affect its returns of the investment. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

iii) Loss of control

When the Group loses control of a subsidiary the assets and liabilities of the subsidiary are removed from the consolidated financial statement along with the share of other shareholders of the entity and other items in equity. All related profit or loss is recognised in the statement of comprehensive income. Remaining share is measured at fair value at the date control was lost.

iv) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised loss is eliminated by the same method as unrealised profit, but only to the extent that there is no indication of impairment of the asset.

b. Foreign currencies transactions

Transactions in foreign currencies are recognised in the functional currency of individual group entities at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are recognised at the exchange rate ruling at the reporting date. Other assets and liabilities recognised in foreign currencies at fair value are translated at the exchange rate ruling at the date of determination of fair value.

Exchange differences arising from transactions in foreign currencies are recognised in the statement of comprehensive income.

c. Financial instruments

i) Financial assets

Loans, receivables and cash and cash equivalent are recognised at the date they incurred. Other financial assets are initially recognised at the date the Company became party to contractual provisions of the financial instrument.

Financial assets are deregistered if contractual rights of the Company to cash flow related to the financial assets expires or if the Company delivers right to cash flow related to the financial asset to another party without retaining control or almost all of the risk and benefit which the ownership entails.

Financial assets and financial liabilities are offset and net amount recognised in statement of financial position when and only when the Company has legal right to offset and intentions are to settle with offsetting financial assets and financial instruments or redeem the asset and settle the liability at the same time.

Financial assets at amortised cost

Financial assets are recognised at amortised cost are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are initially measured at fair value plus all related transaction costs. Subsequent to initial recognition loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses

Financial assets at amortised cost comprise trade receivables and other short-term receivables.

Cash and cash equivalents

Cash and cash equivalents consist of funds and on demand bank deposits and securities available within three months.

ii) Financial liabilities

Interest bearing liabilities are recognised at the date they were entered into. All other financial liabilities are initially recognised at the transaction date where the Company became party to contractual provisions of the financial instrument.

The Company degregisteres financial liability if contractual obligations related to the financial liability finish, they are relinquished or expire. The Company classifies financial liabilities other than deruvative agreements as other financial liabilities. Financial liabilities are initially measured at fair value plus all direct transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

The Company's financial liabilites consist of intereast bearing liabilities, trade payables and other short-term liabilities.

iii) *Share capital*

Direct costs attributable to the issue of share capital are recognised as a deduction from equity, net of tax effects.

**d. Intangible assets**

i) *Goodwill*

Goodwill arises upon the acquisition of subsidiaries. Goodwill is the difference between the cost upon take-over and the fair value of overtaken assets, liabilities and uncertain liabilities. If negative goodwill arises it is immediately recognised in the statement of comprehensive income less accumulated impairment.

ii) *Other intangible assets*

Other intangible assets which are aquired or are written up at aquisition of subsidiaries and have limited useful life are capitalised at cost less accumulated depreciation and impairment as approriate.

iii) *Subsequent cost*

Subsequent cost is only capitalised if it increases benefit of the asset for which the cost is related to. Other costs, including due to goodwill and trademarks created within the Group, is recognised in the statement of comprehensive income when it incurs.

iv) *Depreciation of intangible assets*

Depreciation of intangible assets is recognised in the statement of comprehensive income on a straight-line basis over their estimated useful lives. The estimated useful life is specified as follows:

**e. Investment properties**

Investment properties are real estates (land and buildings) owned by the Company to create rental income, for value increase or both. Investment properties are recognised at fair value in accordance with International Accounting Standard IAS 40, see further note 13. Measurement of investment assets relies upon fair value of comparable assets in active market in transactions between unrelated informed parties, and discounted future cash flow of individual assets. The measurement takes into account the sum of expected future rental income of the properties in addition to cost of operating and maintaining the properties. Estimated future rental income is mostly based on current lease agreements. Estimated operating costs and maintenance of properties is subtracted from rental income. Market interest rates are used in discounting. Changes of fair value of investment properties are recognised under the item changes in value of investment properties in the statement of comprehensive income. Investment properties are not amortised.

When asset for own use becomes investment property due to a change in utilisation, the difference created at transfer of book value and fair value of the property is recognised as revaluation in other profit if there is a profit. At sale of investment property this profit is recognised among retained earnings. Loss which is created at such event is recognised immediately in the statement of comprehensive income.

If investment property is used by its owner it is classified as asset for own use and its fair value at reclassification date will become its cost price in the accounts.

**f. Properties under development**

Property which is under development and is intended to be used as an investment property, is recognised at cost.

**g. Assets for own use**

i) *Recording and valuation*

Assets for own use are measured at cost less depreciation and impairment losses. Revalued cost is fair value of the assets at the revaluation date less accumulated depriciations. All increases due to the revaluation are recognised in revaluation reserve among equity less income tax. Depreciation of the revaluation is recognised in the statement of comprehensive income and annually an adjustment is recognised which corresponds to the amount in revaluation reserve and retained earnings. Annual revaluation is performed.

Cost consists of direct cost of the trasaction. Cost of assets for own use which the Company itself builds, consist of materials and salaries, other costs incurred in making the asset operative and is considered to be part of cost of the property. Purchased software which is essential in order to use hardware is capitalised as part of that equipment.

When assets for own use are composed of units with different useful lives the units are separated and depreciated in line with the useful life.

Profit of sale of assets for own use is the difference between actual sale price and book value of the property and is recognised in the statement of comprehensive income among operating income.

Interest expenses of loans which are used to finance the cost of properties under construction are capitalised over the construction period.

ii) *Subsequent costs*

Cost of renewing certain parts assets for own use are capitalised if it is considered likely that benefit related to the asset will be received by the Company and the cost can reasonably be measured. All other cost is expensed in the statement of comprehensive income when it incurs.

iii) *Depreciation*

Depreciation measured on a straight-line basis over the estimated useful lives of assets for own use. Land is not depreciated. The estimated useful lives are specified as follows:

	Useful life
Properties for own use .....	50 years
Other assets for own use .....	5 - 20 years

Depreciation methods, estimated useful life and residual value are revalued at each accounting date.

**h. Impairment**

i) *Financial assets*

A financial asset, not recognised at fair value, is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. Impairment of financial assets is recognised in the statement of comprehensive income.

ii) *Other assets*

Book value of other assets of the Group is reviewed at each reporting date to determine whether there are indications of impairment. If there is any such indication the recoverable amount of the asset is estimated. Goodwill is tested for impairment at least once a year.

The recoverable amount of an asset or a cash generating unit is the higher of their net fair value or value in use. Value in use is determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is expensed when the book value of an asset or a cash generating unit is higher than its recoverable amount. A cash generating unit is the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or asset groups. Impairment losses recognised in respect of cash generating units are allocated first to reduce the book value of the goodwill and then to reduce the book value of the other assets in the cash generating unit on a pro rata basis. An impairment loss is expensed in the statement of comprehensive income.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent of prior recognition of impairment taking taxes into account.

**i. Obligations**

Obligations are recognised in the statement of financial position when the Group has a legal obligation or entered into obligations due to past events, it is considered probable that they will be settled and they can be reliably measured. If the effect is significant, the obligation is assessed by discounting estimated future cash flow with interest before taxes which shows current market assessment of time value of money and, if appropriate, the risk inherent with the obligation.

**j. Lease agreements**

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. Right-of-use assets and lease liabilities are only due to leases of land with third parties. There is now right-of-use asset in the Group's statement of financial position. Lease liabilities are initially measured at the present value of unpaid lease payments at the commencement date. If the interest rate implicit in the land lease can be determined it is used for determining present value of the liability. If it cannot be determined then the incremental borrowing rate shall be used, which is the method applied by the Group. Variable incremental borrowing rates are used based on location and category of real estate on each land and a comparable method is applied in determining incremental borrowing rate as is with valuation of the Company's investment properties. The interest rates used for determining present value are determined so that 70% is incremental borrowing rate and 30% is incremental borrowing rate with yield. This method is used for all of the Group's leases of land.

**k. Rental income**

Rental income of investment properties are recognised in the statement of comprehensive income over the rental period.

**l. Operating expense of investment properties**

Operating expense of investment properties is expensed when it incurs and contains among other property taxes, insurance, maintenance and impairment of trade receivables.

**m. Finance income and finance expenses**

Finance income comprises interest income on financial assets and foreign exchange gain on foreign currencies. Interest income is recognised in the statement of comprehensive income as it accrues based on effective interests.

Finance expenses comprise interest expense and indexation on borrowings, exchange rate loss on foreign currencies and other finance expenses. Interest expenses are recognised in the statement of comprehensive income as it accrues based on effective interests.

Foreign currency gains and losses are reported on a net basis.

**n. Income tax**

Income tax expense comprises current and deferred income tax. Income tax is recognised in statement of comprehensive income except to the extent that it relates to operating items recognised directly in equity, in which case the income tax is recognised in equity.

Current income tax is the expected tax payable next year on the taxable income for the current year, using tax rates effective at the reporting date, in addition to adjustments made to current tax of previous years.

Deferred income tax is recognised using the balance sheet method, providing for temporary differences between the book value of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred income tax is not recognised for temporary differences relating to investments in subsidiaries as long as it is considered that the parent company can control when they are reversed and also it is likely that they will not reverse in the foreseeable future. The amount of deferred tax is based on the expected tax rate to be in effect when the temporary difference will be reversed, as per law in effect at the reporting date.

A deferred income tax asset is only recognised to the extent that it is probable that future taxable profits will be available against the asset. Deferred income tax asset is reviewed at each reporting date and reduced to the extent that it is no longer probable it will be realised.



***o. Earnings per share***

The financial statements present basic and diluted earnings per share data for ordinary shares in the Company. Basic earnings per share is calculated by dividing profit by the weighted average number of ordinary shares outstanding during the period. Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares in respect of shares which might be issued in relation to share purchase agreements and other financial instruments which are convertible to shares in the Company.

***p. Segment reporting***

A segment is a distinguishable component of the Group within a certain business environment.

Quarterly Statements, unaudited

	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Total
Lease income .....	1.998	1.925	1.916	1.873	7.712
Other operating income .....	249	334	213	161	956
	2.247	2.259	2.129	2.033	8.668
Operating expenses .....	( 828)	( 706)	( 697)	( 685)	( 2.915)
Impairment of receivables .....	( 3)	( 24)	8	( 89)	( 107)
	( 831)	( 730)	( 689)	( 773)	( 3.023)
<b>EBITDA .....</b>	1.416	1.529	1.440	1.260	5.645
Gain (loss) on sale of investment properties .....	( 2)	31	60	0	88
Changes in value of investment properties .....	1.624	1.056	1.654	881	5.215
Depreciation and impairment .....	( 39)	( 34)	( 34)	( 29)	( 135)
<b>Operating profit .....</b>	2.999	2.582	3.120	2.112	10.813
Finance income .....	13	8	7	5	33
Finance cost .....	( 1.390)	( 922)	( 1.355)	( 1.011)	( 4.678)
<b>Net financial expense .....</b>	( 1.377)	( 914)	( 1.349)	( 1.006)	( 4.645)
<b>Profit before income tax .....</b>	1.622	1.668	1.771	1.107	6.168
Income tax .....	( 327)	( 335)	( 349)	( 223)	( 1.234)
<b>Profit for the year .....</b>	1.295	1.333	1.422	884	4.933
<b>Other profit</b> Operating items recorded in equity					
Revaluation of real estate .....	0	0	0	0	0
Income tax of revaluation of real estate .....	0	0	0	0	0
<b>Other profit total .....</b>	0	0	0	0	0
<b>Total profit for the year .....</b>	1.295	1.333	1.422	884	4.933
<b>Earnings per share:</b> Basic earnings and diluted earnings per share .....	0,38	0,39	0,42	0,26	1,44

	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Total
Lease income .....	1.922	1.896	1.883	1.861	7.562
Other operating income .....	170	172	167	274	783
	2.092	2.068	2.049	2.135	8.345
Operating expenses .....	( 722)	( 654)	( 730)	( 779)	( 2.885)
Impairment of receivables .....	( 104)	( 135)	( 152)	( 30)	( 421)
	( 826)	( 789)	( 882)	( 809)	( 3.306)
<b>EBITDA .....</b>	1.265	1.279	1.168	1.326	5.038
Gain (loss) on sale of investment properties .....	153	0	0	( 1)	152
Changes in value of investment properties .....	1.059	350	( 44)	( 771)	594
Depreciation and impairment .....	( 34)	( 25)	( 134)	( 111)	( 304)
<b>Operating profit .....</b>	2.443	1.605	990	443	5.480
Finance income .....	18	6	( 6)	18	36
Finance cost .....	( 1.314)	( 1.131)	( 1.262)	( 732)	( 4.439)
<b>Net financial expense .....</b>	( 1.296)	( 1.125)	( 1.268)	( 714)	( 4.403)
<b>Profit before income tax .....</b>	1.145	480	( 278)	( 271)	1.076
Income tax .....	( 243)	( 96)	73	36	( 230)
<b>Profit for the year .....</b>	902	384	( 205)	( 235)	846
<b>Other profit</b> Operating items recorded in equity					
Revaluation of real estate .....	0	0	( 190)	0	( 190)
Income tax of revaluation of real estate .....	0	0	37	0	37
<b>Other profit total .....</b>	0	0	( 153)	0	( 153)
<b>Total profit for the year .....</b>	902	384	( 357)	( 235)	693
<b>Earnings per share:</b> Basic earnings and diluted earnings per share .....	0,26	0,11	(0,06)	(0,07)	0,25